



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

**TREASURY MARKET UPDATE 03RD JANUARY 2024**

**DOMESTIC NEWS**

Kenya's shilling weakened on Tuesday, although activity was slow due to a lull during the holiday period. Commercial banks quoted the shilling at 156.70/157.70 per dollar, compared with Friday's closing rate of 156.50/157.50 (Reuters)

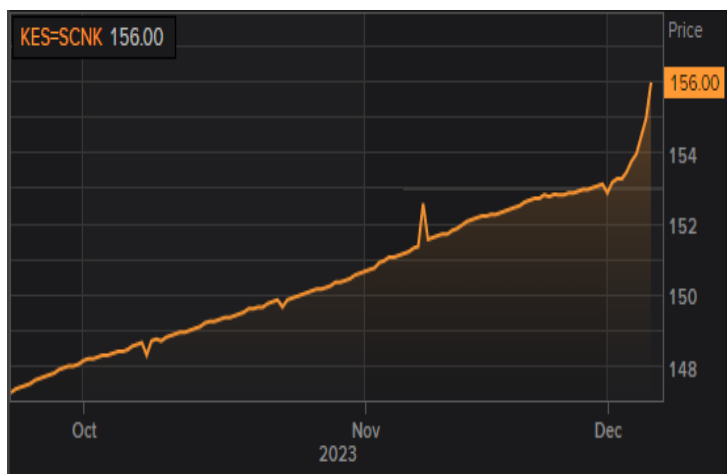
Kenya's shilling posted its worst performance in 30 years as interest rates in major economies rose, offshore investors reduced their holdings and foreign-exchange inflows from exports declined. Kenya's currency depreciated 21% against the dollar in 2023, its biggest annual drop since 1993, according to data compiled by Bloomberg. This year's loss is its fourth consecutive annual decline. Outflows by foreign investors on the Nairobi Securities Exchange were 1.18 billion shillings (\$7.53 million) in the three months through September, compared with 1.48 billion shillings the previous quarter, according to the markets regulator.

(Reuters)

**Indicative Forex Rates**

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	151.10	166.10	151.10	165.60
GBP/KES	193.32	206.32	192.52	207.22
EUR/KES	166.11	180.01	166.41	182.91
AED/KES	38.23	51.23	40.23	51.73

Amounts > 10 million		Amounts >100,000	
KES		USD	
2 Weeks	9.50%	1.50%	
1 Month	9.75%	2.50%	
3 Months	10.00%	3.25%	
6 Months	10.25%	3.50%	
1 year	10.50%	4.25%	



USD movement from Oct 2023 – Date (Source: Reuters)

**INTERNATIONAL NEWS**

The U.S. dollar edged higher in early European trade Tuesday ahead of this week's key economic data that may provide clues on the Federal Reserve's next moves. The US Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.1% higher at 101.125, recovering slightly from a five-month low after the greenback slid some 2% in 2023. The dollar was hit hard by raised expectations that the Fed will begin trimming interest rates in 2024, with the CME's Fed watch tool showing traders pricing in an over 70% chance for a 25 basis point rate cut in March 2024. But until the March meeting, markets still have a barrage of key economic readings to contend with. The dollar index hovered near a two-week peak and was last at 102.15 after having jumped 0.86% on Tuesday, which marked its best daily performance since March 2023.

On the other hand, the EUR/USD traded 0.1% lower at 1.1031, inching away from last week's five-month peak of 1.1139 after manufacturing PMI data confirmed the sector remaining firmly rooted in contraction territory throughout the region. GBP/USD rose 0.2% to 1.2751, with sterling having registered its strongest performance last year since 2017 with a 5% gain. USD/JPY traded 0.5% higher to 141.55, even with Japanese markets shut for a week-long holiday, after a devastating earthquake in central Japan hit sentiment. USD/CNY traded 0.5% higher at 7.1346, as official purchasing managers index data showed further deterioration in manufacturing activity.

In the commodities markets, gold prices fell in Asian trade on Wednesday, relinquishing a measure of recent gains as the dollar rebounded amid some uncertainty over the timing of the Federal Reserve's interest rate cuts in 2024. Spot gold steadied at \$2,064.16 an ounce, while gold futures expiring in February fell slightly to \$2,072.40 an ounce. Both instruments lost about 0.3% on Tuesday. Copper futures expiring March fell 0.1% to \$3.8652 a pound, pulling further away from a five-month high hit in late-December. Prices were also pressured by the strength in the dollar.

On the other hand, Oil prices stabilized in early Asian trade on Wednesday after sharp moves earlier in the week, as markets weighed concerns about the U.S. economy and potential supply disruptions from ongoing tensions in the Red Sea. Brent crude slipped 1 cent, or 0.01%, to \$75.88 a barrel by 0300 GMT, while U.S. West Texas Intermediate crude futures rose 4 cents, or 0.06%, to \$70.42 a barrel.

(Reuters)

**Indicative Cross Rates**

	Bid	Offer
EUR/USD	1.0752	1.1155
GBP/USD	1.2429	1.2836
USD/ZAR	16.5427	20.5637
USD/AED	3.6522	3.6932
USD/JPY	140.10	144.11

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